

## **FISCAL NOTE**

### **SB 382 – HB 1597**

February 23, 2007

**SUMMARY OF BILL:** Limits the monetary penalty for nonpayment of the occupational privilege tax (OPT) to \$20. Prohibits any assessment of interest for nonpayment.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Less than \$12,000**

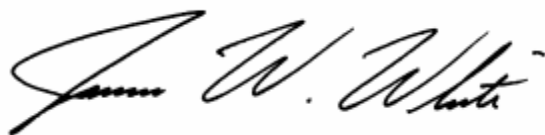
**Increase State Expenditures - \$48,000 One-Time**

Assumptions:

- T.C.A. 67-1-804 currently assesses a penalty of 5% per month for each month a tax is delinquent up to a maximum of 25% of the tax due.
- The current interest rate for delinquent returns is 12% per year.
- According to the Department of Revenue (DOR), most professionals react to a delinquency notice in a very timely fashion. Therefore, the decrease to state revenues is estimated to be less than \$12,000 per year.
- According to DOR, the software dedicated to tax penalties and interest for all taxes would require modifications to make exceptions for OPT.
- The one-time increase to state expenditures for software enhancements is estimated to be \$48,000.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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